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BUSINESS OUTLOOK

for West Michigan



W.E. Upjohn Institute for Employment Research
Vol. XXVI, No. 4 December 2010

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BUSINESS OUTLOOK

for West Michigan

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EMPLOYERS ASSOCIATION OF WEST MICHIGAN



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WEST MICHIGAN VIEWPOINT

Importance of Design to Manufacturers in West Michigan

West Michigan houses many design-focused industries, such as office furniture and household appliances, which have attracted product design firms and professionals into the region. These firms and professionals are an excellent resource for the region's manufacturers as they face the challenge of entering new global markets.

This past fall the Upjohn Institute completed a study based on a survey of west Michigan manufacturers that sought to gauge the importance of design among the region's manufacturers. (The report can be found at <http://research.upjohn.org/reports/122/>.) Support for the research effort was provided by the Kendall College of Art and Design of Ferris State University and Design West Michigan.

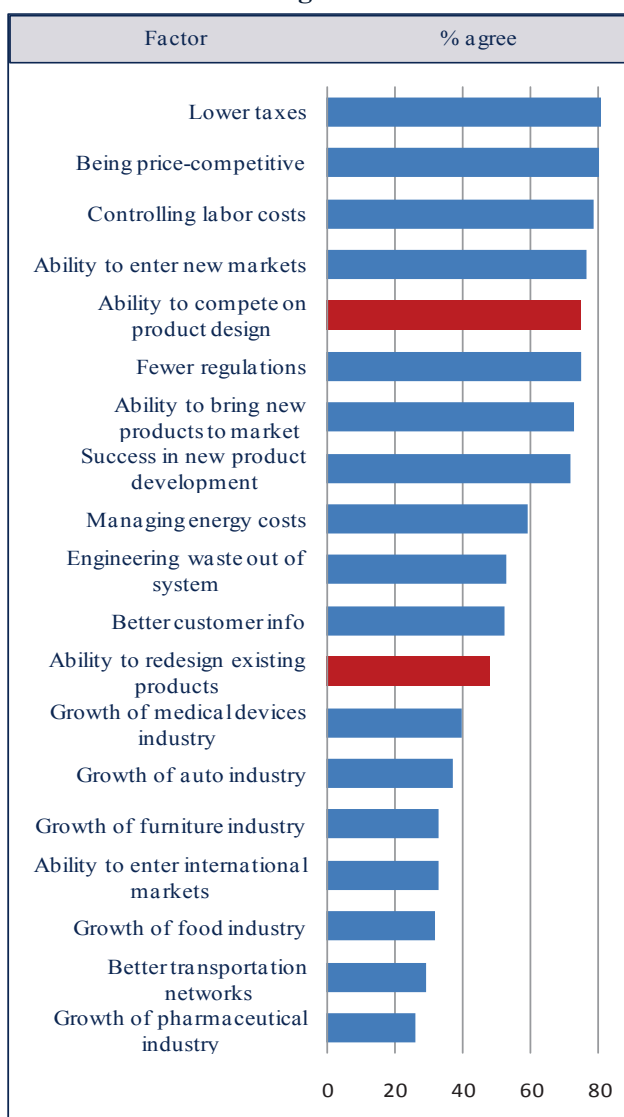
The Institute contacted 2,280 manufacturers in August and received 376 responses—or one-sixth of firms contacted. These survey respondents indicated that design was recognized as an important element to success. Some of the findings were as follows:

- Some 75 percent of respondents said that they either “agree” or “strongly agree” that success for their businesses hinges upon being seen as competitive in terms of the design of the product or service they offer. Of the 19 factors listed in the survey, only four achieved a higher response rating than the 75 percent for design, and all of these four had to do with price or market entry. (See figure at right.) Surprisingly, design was rated more highly than many factors that people usually think of as being favored by businesses, such as reduced regulation or engineering solutions that reduce the waste of time, money, or materials.
- Even with an economy struggling in the doldrums, about one out of four firms said they would either “likely” or “very likely” hire a new production or system designer in the next five years. This response rate was higher than for the hiring of either information technology workers or accountants—two occupations that in past years have been the beneficiaries of strong hiring trends.
- Of those 75 percent of respondents who indicated a strong interest in design as it related to their firms' chances for success, the average rate of sales growth they reported for their firms for the past five years was 9.93 percent. This was higher than the growth rate reported by the 25 percent of respondents who did not place a strong emphasis

on design: they reported an average sales growth rate of 5.64 percent a year. It must be said, though, that despite the seemingly large difference between the percentages—a result of the relatively small sample size and high variability—the difference between the two growth rates is statistically insignificant.

Although modest in both size and scope, the Institute's survey of west Michigan businesses represents to the best of our knowledge the first effort of its kind in the United States to generate empirical evidence regarding the use and effect of design on industry.

Key factors to business success over the next five years, % of responses stating “agree” or “strongly agree”

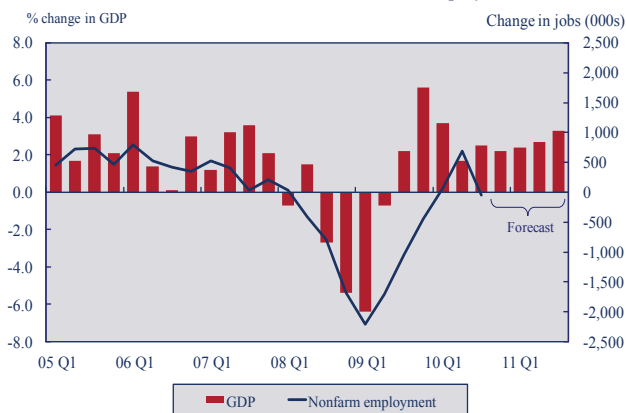


NATIONAL ECONOMY

Not Enough Growth

The nation's Gross Domestic Product (GDP) rose at a listless 2.5 percent annualized rate during the third quarter, a pace that offered little help to the nation's sluggish labor markets. Although that was up from an even lower 1.7 percent annualized rate posted in the previous quarter, the third quarter's rate of growth was only slightly higher than the estimated 2.3 percent gain in productivity made by the nation's nonfarm businesses during the same period. In other words, the quarter's growth was largely achieved by increasing the output per employee and not by adding more employees.

Gross Domestic Product and Nonfarm Employment



Still, private employers added 307,000 workers to their payrolls during the third quarter. These gains, however, were more than offset by the government laying off temporary census workers; on net, total employment fell by 47,000 workers during the quarter.

The quarterly gain in output was due to a healthy jump in three areas: 1) consumer spending on durable goods, including autos; 2) businesses rebuilding their inventories and purchasing equipment and software; and 3) federal government spending.

November Was a Turkey

After a robust October in which employers increased their payrolls by 172,000 workers, employers in November added only 39,000 workers. The lackluster job gains contributed to the nation's unemployment rate rising to 9.8 percent for the month. For November, employment in temporary help services increased by 40,000 workers, and during the past 12 months the ranks of temporary workers have grown by nearly a half a million. Historically, businesses typically hire temporary workers at the start of a business expansion because of uncertainty about the potential strength of future orders.

Consumers Are Growing More Confident

Despite the current disappointing employment situation, consumer spending increased by an annualized 2.8 percent in the third quarter, powered by a robust 7.4 percent jump in durable goods purchases. Car and light truck sales rose from an 11.4-million-unit annualized pace in the previous quarter to an 11.8-million-unit rate. Moreover, in October and November the sales pace hit 12.2 million units.

Both the Conference Board and the University of Michigan found the consumer confidence level to be the highest since June. The Conference Board's Consumer Confidence Index rose to 54.1 in November from 49.9 in October, while the University of Michigan's Sentiment Index hit 71.6 in November, up from 67.7 in October.

Evidence is mounting that financial conditions for many households are starting to stabilize, if not improve. Household saving rates—i.e., personal saving as a percentage of disposable income—have been above 5 percent for the past six quarters and stood at 5.8 percent in the third quarter.

Still, according to the University of Michigan survey, personal finances remained “bleak” in November. One household in three reported a decline in income during the past year. Nearly twice as many households reported worsening financial conditions as reported improving financial conditions. Only a quarter of the households surveyed expect their financial situation to improve during the coming year.

Housing Markets Are Still Weak

The good news is that according to the Mortgage Bankers Association the number of households who are behind in their mortgage payments fell to 13.5 percent in the third quarter, from 14.4 percent in the second quarter. Still, there are troubling indicators that suggest that we are not out of the woods yet. Elizabeth A. Duke, a Federal Reserve Board governor, testified to Congress that the Fed expects about 2.25 million foreclosure filings in 2011 and another 2 million in 2012. In 2006, before the housing market crisis, there were only 1 million foreclosures. One of the more troubling developments is that the current round of foreclosures is for prime, fixed-rate loans and not subprime loans as in the past, making loan modifications more difficult.

Residential construction is still struggling, as total expenditures fell at a 27.5 percent annualized rate in the third quarter, after having increased at a 25.7 percent annualized rate in the second quarter.

In October, despite very low mortgage rates, new home sales fell to an annual rate of 283,000 units, down 28.5 percent from last year. Sales are still down about 80 percent from the peak of the housing boom, when annual sales reached 1.4 million units. A large inventory of existing homes, priced to sell, remain on the market, posing a major barrier. In October, the median price of an existing house was \$170,000, compared to \$194,900 for a new home. The latter figure is reportedly the lowest median price for a new home in seven years, and down 14 percent from September. The National Association of Realtors reported that in October total home sales had declined by 2.2 percent from September and by 25.9 percent from 12 months earlier.

The University of Michigan estimates that new housing starts will reach only 606,000 units in 2010 and will climb to 807,000 in 2010 and 1.13 million in 2012.

Some Positive Signs in the Nation's Banking Industry

According to the most recent polling of bank senior loan officers, the Federal Reserve found that, on average, both large and small domestic banks were easing their standards and terms on commercial and industrial loans from the previous quarter. Nevertheless, the banks also reported that "standards for many categories of loans would not return to their longer-run averages for the foreseeable future." Surveyed banks also reported that consumer installment loan activity was on the rise, and a slight majority said that they were easing standards for approving credit card applications.

Still, the banks reported that the demand for commercial and industrial loans had been soft during the quarter. The reported reasons for the slowness in bank lending include a lower demand from households as they reduce their debt burden, declines in the value of assets for collateral, and the banks' aim to conserve liquidity to guard against realized or potential losses.

National Policy Has Become International

U.S. economic policy is never conducted in a vacuum, and the Federal Reserve's recent move to release \$600 billion into the economy by buying longer-term U.S. Treasury Bonds has caused many of the nation's larger trading partners to voice their concerns. In short, they worry that the Fed's move to increase the money supply could have a negative impact on U.S. trading partners if it causes the dollar to lose value. As of the week of November 26, the dollar was at its highest level since mid-September relative to the world's major currencies.

Recently, most developed countries have focused their attention on debt reduction and have cut back on fiscal

policy. And this may be at the heart of the problem: while the Euro community is cutting back on government spending and pushing up interest rates, the Fed is keeping its rates very low. The combination can drive the dollar down relative to the Euro and other currencies.

Forecasters Predict More of the Same

In November the University of Michigan revealed its forecast for the nation's economy for 2011 and 2012. The forecast predicts continued slow growth in output and disappointing employment gains. GDP is expected to grow by only 2.1 percent in 2011, resulting in a mere 0.9 percent gain in employment and an unemployment rate for the year of 9.6 percent. In 2012, output is forecast to increase by 2.9 percent, employment to rise by 1.6 percent, and the nation's unemployment rate to drop only to 9.3 percent.



REGIONAL ECONOMY

According to regional analysts at the Chicago Federal Reserve Bank, economic activity in the Great Lakes states increased at “a slightly faster pace during October and November.” The region’s manufacturers reported stronger orders, particularly in the sectors of fabricated metals, autos, and heavy equipment. Retailers also cited better sales—bargain hunters still rule; however, they are buying more than simply the bare essentials. Holiday sales expectations have improved as well. On the downside, construction activity seems to be limited to road construction.

The region’s employment situation is improving slightly, according to business interviews conducted by the bank’s analysts. Some of the contacted manufacturers reported adding another shift; however, many employers, especially in manufacturing, continue to use temporary workers. On the plus side, contacted temporary employment services reported a slight increase in the number of temporary workers being offered permanent positions. Hiring for positions in information technology, engineering, and health care was reported to be strong, and seasonal hiring in retail trade was reported to be greater than last year.

The regional analysts also found that the region’s housing market was still flat, as “elevated” levels of unsold homes limited the demand for new housing construction.

Finally, reports from the region’s banking community suggest that core business demand remains weak. Banks are competing hard for high-quality borrowers. Consumer lending has increased, but the weak labor market hinders any major improvements.

In October, the Chicago Federal Reserve Bank’s Chicago Fed Midwest Manufacturing Index (CFMMI) increased by 0.7 percent, after a smaller 0.2 percent increase was posted in September. All four of the regional sectors that make up the index improved in the month: output in the region’s machinery sector rose a healthy 1.5 percent, steel production was up 0.7 percent, auto production increased by 0.5 percent, and the aggregated resource sector, which includes food, wood, paper, and nonmetallic production, was up 0.4 percent.

Manufacturing Employment Leads the Way

Manufacturing employment has bounced back in all five of the Great Lakes states. Overall, the region’s manufacturers added 34,100 workers in the 12-month period ending in September, a healthy 1.4 percent increase. In the remaining 45 states, manufacturing employment was up only 0.1 percent for the period. Indiana experienced the strongest gains, as its manufacturers increased their workforce by 2.2 percent during those 12 months.

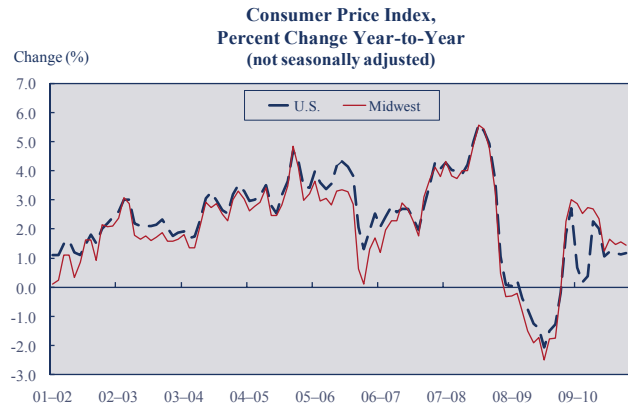
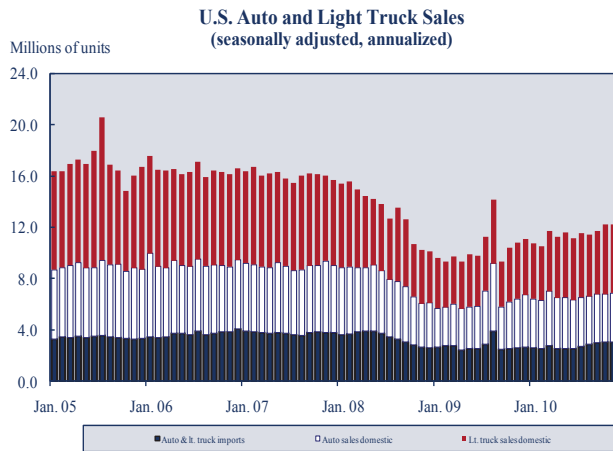
Employment and Earnings^a

Great Lakes region	September 2010	September 2009	Percent change	Great Lakes region	September 2010	September 2009	Percent change
Illinois				Ohio			
Total employment	5,649,400	5,644,300	0.1	Total employment	5,048,700	5,053,500	-0.1
Mfg. employment	566,800	565,100	0.3	Mfg. employment	628,100	618,800	1.5
Avg. weekly hours	39.8	39.8	0.0	Avg. weekly hours	40.3	39.4	2.3
Avg. hourly earnings	\$17.13	\$16.66	2.8	Avg. hourly earnings	\$18.77	\$18.73	0.2
Indiana				Wisconsin			
Total employment	2,820,900	2,798,600	0.8	Total employment	2,751,700	2,745,200	0.2
Mfg. employment	445,800	436,400	2.2	Mfg. employment	438,000	430,900	1.6
Avg. weekly hours	42.1	39.7	6.0	Avg. weekly hours	40.2	38.5	4.4
Avg. hourly earnings	\$18.60	\$18.53	0.4	Avg. hourly earnings	\$18.06	\$18.14	-0.4
Michigan				United States			
Total employment	3,865,100	3,879,700	-0.4	Total employment (000)	130,311	129,857	0.3
Mfg. employment	470,400	463,800	1.4	Mfg. employment (000)	11,676	11,634	0.4
Avg. weekly hours	44.6	43.1	3.5	Avg. weekly hours	41.2	39.9	3.3
Avg. hourly earnings	\$21.99	\$21.71	1.3	Avg. weekly hours	\$18.64	\$18.39	1.4

NOTE: September 2010 numbers are preliminary.

^aEmployment numbers are seasonally adjusted for both the nation and the states. Average weekly hours and earnings are seasonally adjusted for the nation only.

SOURCE: U.S. Bureau of Labor Statistics (BLS).



NOTE: The Midwestern states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Outside of manufacturing, employment trends in the five-state region were more subdued. Total employment rose only 0.1 percent in the region and turned negative in Ohio and Michigan during the period. If the states' positive manufacturing employment trends continue, it is very likely that service employment will also expand in the coming months, because of the employment multiplier effect typically associated with manufacturing employment.

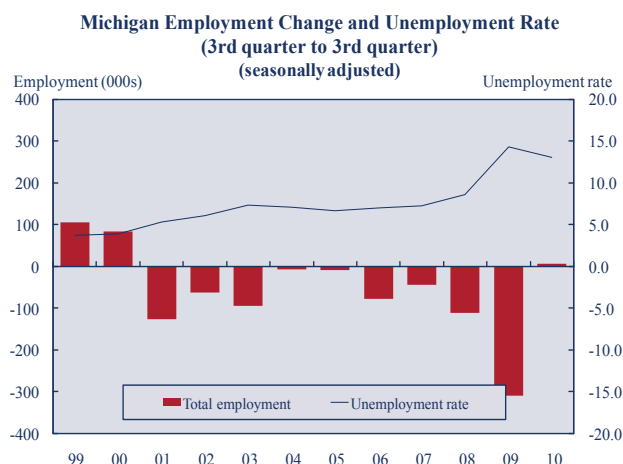
According to the regional researchers at the Chicago Federal Reserve, regional auto sales are on the rise, driven by increased incentives. Dealers reported that their inventories have returned to more sustainable levels, and a few complained of shortages of the better-selling vehicles.

Auto Industry Is Making a Small Comeback

The Detroit Three has regained share during the past year. As of December 1, the Detroit Three had claimed 45 percent of U.S. light vehicle sales for the year, compared to 43.9 percent for the same 11 months last year. Ford has experienced the strongest gains: sales are up 21.1 percent from a year ago, and its market share has climbed to 16.5 percent. General Motors, which has just emerged from bankruptcy, retained over 19 percent of the market. The success of the Detroit Three came at the expense of Toyota, which witnessed a drop in its share of the U.S. market from 16.9 to 15.2 percent.

STATE OF MICHIGAN ECONOMY

Total employment remained unchanged during the third quarter of the year. Impressive gains in the state's manufacturing sector were offset by declines in private services and state government. The lack of job growth during the quarter did not stop the state's unemployment rate from dropping from 13.6 to 13.0 percent, as discouraged workers stopped their job search.



Employment in the state's manufacturing sector rose by more than 10,000 workers, a 2.2 percent jump during the third quarter. Job gains were reported in both the durable and nondurable sectors. In the state's auto-dominated durable goods sector, industry employment rose by 2.0 percent, and in its more diversified nondurable goods sector it was up 2.7 percent.

Construction employment for the state is still down, having fallen 3.4 percent in the quarter despite an increase in housing starts during the quarter.

Employment in the state's private service-providing sector fell, but by only 0.1 percent. Surprisingly, employment in the state's professional and business services fell by 1.4 percent, or by 7,000 workers. This was unexpected because the sector includes temporary employment services, which according to other reports have been hiring. Moreover, employment in the state's health and education sector fell by 0.5 percent, or more than 3,000 jobs. These employment losses were offset by a 1.4 percent gain in the state's tourist-related leisure and hospitality sector, which picked up more than 5,000 workers.

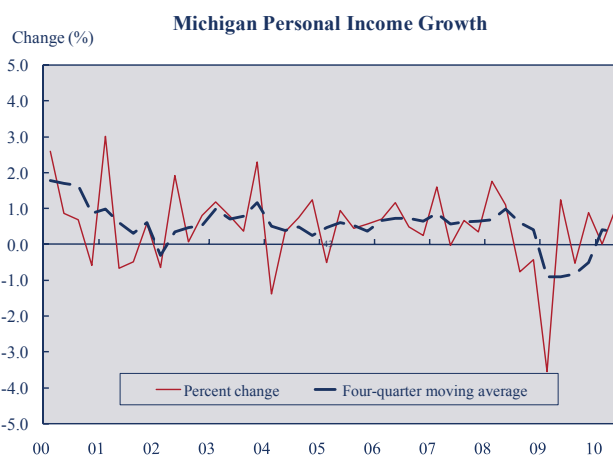
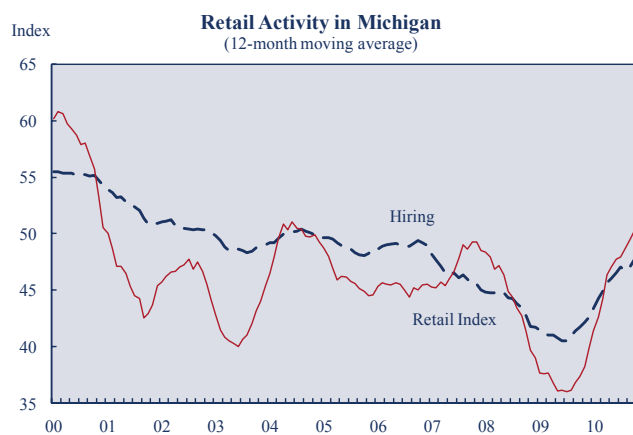
Employment in the state's retail sector fell by 0.5 percent during the quarter, a loss of 2,200 jobs. Still, the Chicago Federal Reserve's Retail Index, which is compiled in cooperation with the Michigan Retailers Association, shows retail activity and hiring to be on the rise in the state.

Government employment was down by 0.7 percent for the quarter, and further reductions are expected in the final quarter, as many state government workers are considering the early retirement package being offered by the state.

Statewide indicators are positive and suggest that employment conditions may continue to improve during the coming months. The number of new claims for unemployment insurance fell by 25.1 percent during the quarter, and the number of new dwelling units put under contract for construction rose by 13.3 percent. Even so, Comerica Bank's Economic Activity Index for the state fell slightly in October. Still, the index is up 23 percent from its cyclical low, reported in July 2009. For the year, the index is up 15 percent from a year ago.

Among the state's metropolitan areas, only Ann Arbor had an unemployment rate below 10 percent in September. The Muskegon-Norton Shores MSA is suffering the state's highest joblessness rate, 16.0 percent. Surprisingly, Flint, which is clearly benefiting from the current bump in auto production, is tied with Ann Arbor for the greatest employment gain for the 12-month period ending in September, at 0.5 percent. Goods-producing employment soared by nearly 20 percent during the third quarter in Flint, although private service-providing employment fell by 0.5 percent.

In November, the University of Michigan unveiled its 2011 and 2012 employment forecast for the state, and it is promising. In 2011, the university forecasters expect employers, statewide, to add 30,500 workers to their payrolls, a 0.7 percent increase. In 2012, total employment in the state is forecast to increase by 71,700 workers from 2011, or 1.7 percent. Employment gains are expected across all private sectors of the state's economy, the sole exception being the information sector, which is expected to be flat. Manufacturing employment is expected to increase by 0.9 percent in 2011 and by 1.4 percent in 2012. Private services employment is expected to be up 0.7 percent in 2011 and 1.6 percent in 2012. Only the state's government sector is expected to suffer a decline in employment, because of the expected severe fiscal condition of the state government. Government employment is expected to fall by 13,200 workers in 2011, a 2.1 percent drop, and by 3,900 employees in 2012.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Change in Average Weekly Wage for Manufacturing Workers

First Quarter 2009-2010

(not seasonally adjusted)

Labor market area	Weekly wage	% change 2009-10	Labor market area	Weekly wage	% change 2009-10
Ann Arbor	1,202	-13.1	Jackson	995	-8.7
Battle Creek	1,086	-6.8	Kalamazoo-Portage	1,281	5.7
Bay City	920	-5.7	Lansing-East Lansing	1,095	-3.1
Detroit-Warren-Livonia	1,187	-14.2	Monroe	1,149	-12.3
Flint	1,107	-18.5	Muskegon-Norton Shores	1,127	7.4
Grand Rapids-Wyoming	1,021	-6.7	Niles-Benton Harbor	1,149	-8.2
Holland-Grand Haven	875	-16.7	Saginaw-Saginaw Township North	1,178	-8.1

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

Employment by Place of Work and Civilian Labor Force Unemployment Rates

September

(seasonally adjusted)

Labor market area	Total nonfarm	% change, 2009-2010	Goods-producing	% change, 2009-2010	Private service-providing	% change, 2009-2010	Unemployment rate Sept. 2009	Sept. 2010
United States	130,328,000	0.4	18,038,000	-0.5	90,030,000	0.9	9.8	9.6
Michigan	3,821,900	-0.2	585,800	0.7	2,610,090	0.0	14.4	13.0
West Michigan MSAs:								
Battle Creek	55,230	-0.5	11,660	-3.3	32,960	0.6	12.2	11.6
Grand Rapids-Wyoming	359,320	0.2	68,250	-3.2	255,660	1.0	11.8	11.0
Holland-Grand Haven	98,360	-3.8	29,980	-6.2	55,470	0.2	12.9	11.8
Kalamazoo-Portage	133,950	-0.8	21,480	-6.0	91,310	0.2	11.6	11.2
Muskegon-Norton Shores	58,300	0.2	10,950	0.0	38,170	-0.5	13.8	16.0
Niles-Benton Harbor	58,250	-0.6	12,140	-5.4	37,140	0.0	13.8	13.2
Other labor market areas:								
Ann Arbor	190,250	0.5	15,330	-6.0	103,760	1.0	9.0	8.5
Bay City	—	—	—	—	—	—	13.0	12.6
Detroit-Warren-Livonia	1,686,460	-2.1	223,750	-3.7	1,255,010	-1.7	16.3	13.8
Flint	133,080	0.5	14,340	19.8	96,660	-0.5	15.6	14.6
Jackson	53,140	-0.5	8,410	-3.3	35,330	-0.2	14.5	14.1
Lansing-East Lansing	212,470	0.1	23,050	9.9	126,930	-0.2	11.1	10.4
Monroe	—	—	—	—	—	—	14.5	13.0
Saginaw-Saginaw Township North	83,400	0.4	11,980	-0.8	59,500	0.6	12.9	12.4

NOTE: — = data not available.

SOURCE: U.S. Department of Labor and the Michigan Department of Energy, Labor and Economic Growth (most recent benchmark).

WEST MICHIGAN ECONOMY

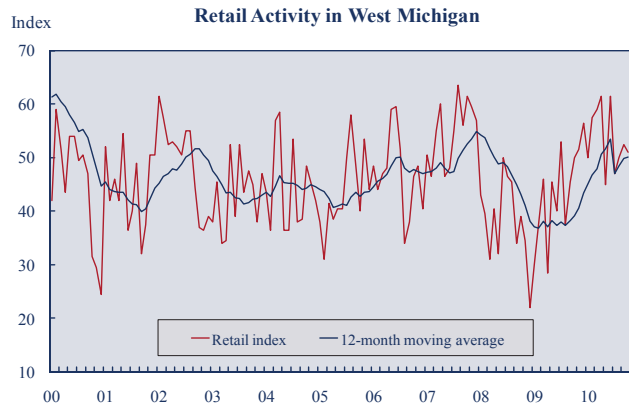
West Michigan employment fell by 0.2 percent last quarter, as economic conditions varied across the six metropolitan areas that constitute the region. Despite strong signs of life during the second quarter, growth in the third quarter was limited to a modest increase in government employment. In a return to old patterns, reductions were largest in the goods-producing sector, while the private service-providing sector experienced a more modest decline. Still, despite the bad news the unemployment rate managed to improve to 11.5 percent. Overall, the third quarter represented a setback to the west Michigan economy; however, the region's economic indicators suggest 2010 could end on a more upbeat note.

Goods-producing employment declined by 0.6 percent last quarter as the region's manufacturers once again cut their payrolls. However, the construction and mining industry managed to post a slight 0.2 percent increase in employment for its second consecutive quarter of growth. The industry still has much catching up to do before returning to previous employment levels, though, as the construction and mining sector was down 6.4 percent relative to the third quarter of 2009. Additionally, construction-related job growth is unlikely to be spurred by the residential housing market any time soon, given the decline in new-dwelling-unit contracts during the quarter.

Manufacturing employment shrank by 0.7 percent in west Michigan during the third quarter, an 920-job reduction that effectively eliminated the gains posted during the previous quarter. Losses were widespread across both durable and nondurable goods producers in metropolitan areas where detailed data were available. Among the six metro areas in the region, only one—the Muskegon–Norton Shores MSA—was able to buck the trend and grow its manufacturing sector.

Despite the recent downturn in manufacturing, the role played by two of west Michigan's most dominant manufacturing industries—office furniture and automotive parts—should be positive in the future. Conditions should now be on an upswing for the region's auto suppliers, given the improvement in nationwide vehicle sales and recent news on the resurgence of the Detroit Three automakers. In office furniture, the news has also been positive. According to the Business and Institutional Furniture Manufacturer's Association, an office furniture industry trade group, U.S. production was expected to be up 4.4 percent this year and to rise by another 8.3 percent in 2011. Additionally, recent news articles have confirmed that industry conditions have been improving: in September Steelcase announced its first quarterly profit since November 2008, and Herman Miller announced a 17.5 percent increase in sales over the previous year.

Employment in the private service-providing sector slipped down 0.1 percent. The hardest-hit service industry was professional and business services, which fell by 1.0 percent for a 930-job loss. Retailers also struggled during the period and posted a significant 440-job loss. This employment loss ran counter to the latest survey-based retail activity index conducted by the Chicago Federal Reserve Bank, which suggested that retail activity was holding steady.



The financial activities employers shed 130 workers. Of course, not all service industries reduced their payrolls during the third quarter: educational and health services managed to add 430 workers, and leisure and hospitality grew by 130 workers. Other service industries were mostly flat and posted only minor employment changes during the quarter.

Government sector employment rose by 0.2 percent during the quarter, although trends were mixed across the region's six metropolitan areas. Over the long term, the trend in government employment has been negative, particularly for state and local government agencies that have struggled with declining tax revenues during the course of Michigan's long economic downturn.

Overall, the third quarter of 2010 marked a setback for the west Michigan economy. Still, it is important to note that signs of growth and recovery remain. The most important indicator may be hiring intentions and layoff intentions—both of which appear to have further improved last quarter. According to the most recent Manpower Employment Outlook Survey, employment in the Grand Rapids region is expected to experience strong growth during the final three months of the year. Additionally, the rate of new claims for unemployment insurance benefits continued to drop last quarter, which suggests that overall employment conditions will continue to improve.

West Michigan (6 MSAs) Statistics

(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	766,630	768,000	-0.2	769,790	-0.4
Goods-producing	155,560	156,440	-0.6	161,040	-3.4
Construction and mining	25,710	25,670	0.2	27,460	-6.4
Manufacturing	129,950	130,870	-0.7	133,600	-2.7
Private service-providing	510,840	511,510	-0.1	506,220	0.9
Trade, transportation, and utilities	138,970	138,880	0.1	139,960	-0.7
Retail trade	84,440	84,480	0.0	84,870	-0.5
Information (5 MSAs) ^a	7,600	7,640	-0.5	8,000	-5.0
Financial activities	34,860	34,990	-0.4	35,490	-1.8
Professional and business services	93,460	94,390	-1.0	88,980	5.0
Educational and health services	126,610	126,180	0.3	125,080	1.2
Leisure and hospitality	71,640	71,510	0.2	71,740	-0.1
Other services	37,360	37,400	-0.1	36,970	1.1
Government	100,230	100,050	0.2	102,530	-2.2
Unemployment					
Number unemployed	106,090	109,750	-3.3	112,040	-5.3
Unemployment rate (%)	11.5	11.8		12.1	
Local indexes					
UI initial claims	2,320	2,603	-10.9	3,410	-32.0
New dwelling units ^b	1,782	1,867	-4.5	2,065	-13.7

NOTE: Categories may not sum to total because of rounding.

^a Information employment data are not available for Battle Creek MSA.

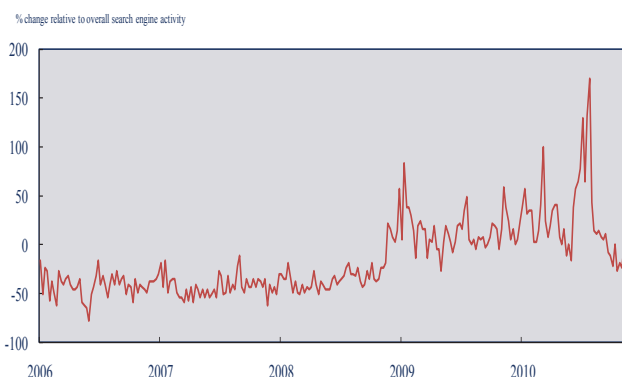
^b Seasonally adjusted annual rates. Van Buren County is not included.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Information Systems Company; and employment data from the Michigan Department of Energy, Labor and Economic Growth.

Another positive sign can be found in recent data from Google Insights for Search, which showed that interest in the “welfare and unemployment” search category has declined over the past few months. Movement in this search-interest category typically precedes changes in the unemployment rate; therefore, recent trends suggest that west Michigan’s unemployment rate should continue to decline over the next few months.

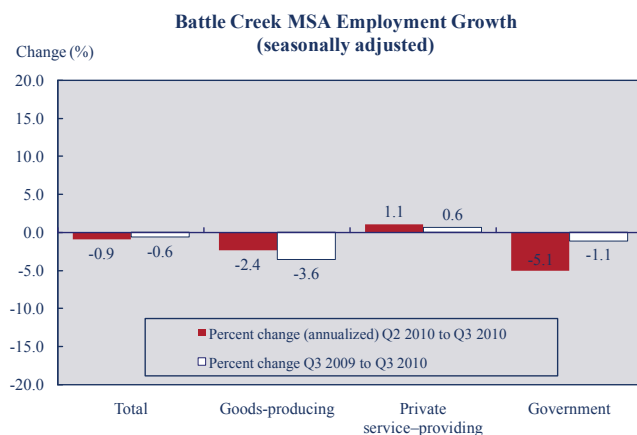
The one remaining point of concern for west Michigan is the residential housing market. Regionwide, the number of new-dwelling-unit contracts declined by 4.5 percent last quarter, which indicates that new home construction activity will once again be slowing.

Change in Interest in the Search Topic “Welfare and Unemployment in West Michigan,” as Measured by Google Insights for Search



BATTLE CREEK MSA

Employment in Calhoun County shrank by 0.2 percent last quarter, which effectively erased most of the modest job gains that had occurred during the July-through-September period. Although the private service-providing sector continued to recover, the gains were offset by slightly larger workforce reductions in the goods-producing and government sectors. Otherwise, conditions in the region were mostly stuck in a holding pattern during the three-month period. The unemployment rate held steady at 11.6 percent, and the region's two economic indicators moved only slightly and yielded a mixed reading on how conditions might go over the next few months.



Goods-producing employment declined by 0.6 percent during the third quarter, as losses continued in both the construction and mining industry and in manufacturing. For those workers involved in the construction trades or other jobs that rely on building activity the news was grim: there was no growth in new-dwelling-unit contracts, as residential housing activity remained in the doldrums. Not surprisingly, construction and mining employment fell by 1.1 percent during the quarter and was down 4.4 percent compared to the same time last year.

In manufacturing, the job losses have slowed but not abated. Durable goods producers continued to struggle and reported a 0.9 percent decline in employment, a 60-job loss. Nondurable goods producers fared slightly better and posted a more modest 0.3 percent reduction. One factor supporting the nondurable goods-producing sector has been the relative stability of local companies that process and produce food products: between the first quarter of 2009 and the first quarter of 2010 the food manufacturing industry posted a solid 50-job, 2.1 percent increase. Additionally, the region's strong food manufacturing industry also helped entice a new food safety testing company, Covance Inc., to locate in downtown Battle Creek. The new facility employs 39 workers and began operating in October.

Other business news in the Battle Creek metropolitan area

has been mixed. On the plus side, Toda America Inc., a supplier of components for lithium batteries, announced that it has nearly completed construction of its new Battle Creek plant and is on schedule to open with about 24 new employees in January 2011. The company plans to employ at least 57 workers by 2013. Near the city of Albion, however, the news was less encouraging: Patriot Antenna Systems announced that the company would relocate all production to Florida by the end of the year. In total, 56 workers will be affected.

The private service-providing sector was the region's only source of job growth during the third quarter; it posted a decent 0.3 percent bump in employment. However, not every type of service provider fared well during the period: retailers struggled and slashed 80 jobs, a 1.4 percent reduction. Financial activities saw reductions of 0.7 percent. On the upside, professional and business services posted a nice 80-job increase during the quarter and was up 2.5 percent compared to last year. Additionally, educational and health services added 40 positions, and the "other services" category grew by 30 jobs.

Surprisingly, the major recovery effort to clean up more than 800,000 gallons of oil that spilled into the Kalamazoo River in July because of a break in an Enbridge Energy oil pipeline went unnoticed in the third-quarter employment estimates. Although local reports cited that in August and September many of the county's lodging places and restaurants were packed because of the rush of cleanup workers into the county, employment in the county's leisure and hospitality sector fell by 0.7 percent during the quarter. It is possible that the employment impact of the cleanup will be seen in the county's fourth-quarter employment estimates.

Government employment experienced the largest reduction of any sector during the third quarter. Public employers eliminated 140 positions during the period, a 1.3 percent reduction.

Local economic indicators mostly stagnated during the third quarter. Initial claims for unemployment change moved in the right direction—down—but only by a very modest 1.1 percent. The number of new-dwelling-unit contracts was essentially unchanged during the period, which is a sign that the residential housing market remains in the doldrums.

Battle Creek MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	55,410	55,530	-0.2	55,750	-0.6
Goods-producing	11,660	11,730	-0.6	12,090	-3.6
Construction and mining	1,780	1,800	-1.1	1,810	-1.7
Manufacturing	9,880	9,940	-0.6	10,280	-3.9
Durable goods	6,440	6,500	-0.9	6,710	-4.0
Nondurable goods	3,430	3,440	-0.3	3,570	-3.9
Private service-providing ^a	33,030	32,940	0.3	32,820	0.6
Trade, transportation, and utilities	9,120	9,120	0.0	9,020	1.1
Retail trade	5,700	5,780	-1.4	5,860	-2.7
Financial activities	1,390	1,400	-0.7	1,390	0.0
Professional and business services	5,670	5,590	1.4	5,530	2.5
Educational and health services	9,380	9,340	0.4	9,510	-1.4
Leisure and hospitality	4,560	4,580	-0.4	4,750	-4.0
Other services	2,400	2,370	1.3	2,410	-0.4
Government	10,720	10,860	-1.3	10,840	-1.1
Unemployment					
Number unemployed	7,900	7,920	-0.3	8,130	-2.8
Unemployment rate (%)	11.6	11.6		11.8	
Local indexes					
UI initial claims	239	242	-1.1	337	-29.0
New dwelling units ^b	19	20	-8.2	21	-8.8

NOTES: Categories may not sum to total because of rounding.

^a Data for information services is included in the "other services" sector.

^b Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Company; and employment data from the Michigan Department of Energy, Labor and Economic Growth.

Battle Creek MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Ambulatory health care services	2,840	2,710	4.8
Food manufacturing	2,380	2,330	2.1	Arts, entertainment, and recreation	510	570	-10.5
Fabricated metal products mfg.	1,480	1,390	6.5	Accommodation and food services	3,770	3,700	1.9
Transportation equipment mfg.	3,630	4,300	-15.6	Food services and drinking places	3,510	3,560	-1.4
Private service-providing				Government			
Professional and technical services	2,250	2,280	-1.3	Federal Government	3,000	3,050	-1.6
Administrative and support services	2,490	2,420	2.9	State Government	410	420	-2.4
Educational services	1,260	1,210	4.1	Local Government	6,910	5,770	19.8
Health care and social assistance	7,940	7,830	1.4				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

GRAND RAPIDS–WYOMING MSA

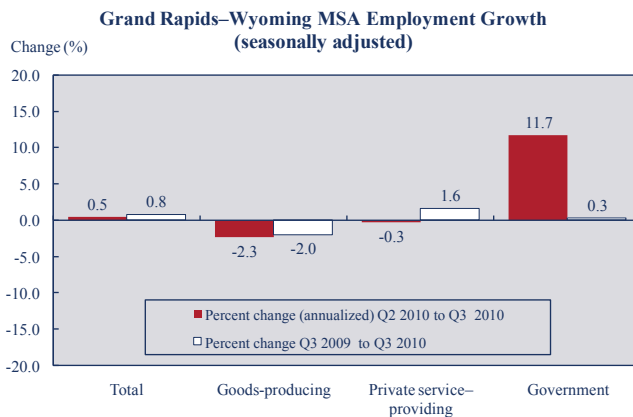
Total employment in the Grand Rapids–Wyoming metropolitan area grew by 0.1 percent, which made it the only region in west Michigan to add jobs during the third quarter. The gain came as the result of an upturn in government employment. Unfortunately, goods-producing employment continued to fall during the period, although the private service-providing sector saw only a slight dip. Still, the bump in employment was enough to help job seekers and push the unemployment rate down to 10.8 percent. Additionally, the region's economic indicators moved in an encouraging direction, which suggests that conditions will improve further during the coming months. The goods-producing sector was the source of most of the

company plans to hire 74 workers in 2011 and a total of 505 over the next five years. Also, Keebler, a division of the Kellogg Company, announced plans to add 45 jobs at its production facility in Grand Rapids. Finally, recent reports suggest that the region's office furniture industry is rebounding.

Private service providers fared better than goods producers last quarter: total sector employment fell by 0.1 percent over the three-month period but was still 1.6 percent higher compared to one year earlier. The biggest decline occurred in professional and business services, which lost 360 workers. On a more positive note, leisure and hospitality employment grew by 180 over the period, which was closely followed by a nice 120-worker pickup in the educational and health services industry. Other growth industries included trade, transportation, and utilities, which added 50 jobs, and the "other services" category, which expanded by 40 workers.

Government employment rose by 2.8 percent during the quarter, a substantial 990-job gain. The public sector's performance bucked the established long-term trend of employment decline. Between the first quarter of 2009 and the first quarter of 2010, the region experienced substantial declines in both state and local government employment.

Fortunately, the region's economic indicators suggest that conditions will improve during the last quarter of the year. According to the most recent Manpower Employment Outlook Survey, the outlook for the region was described as "the third best in the nation," as fully 23 percent of survey respondents indicated that they expect to add workers during the remaining months of 2010. Additionally, initial claims for unemployment insurance fell by 9.0 percent during the quarter, and the number of new dwelling units placed under contract rose by 2.8 percent.



region's employment weakness last quarter. Employers in the sector shed 400 jobs, a 0.6 percent loss, because of job reductions in manufacturing. However, construction and mining activity has picked up a bit, as reflected in the 0.2 percent bump in employment. Fortunately, a small increase in new-dwelling-unit contracts issued during the quarter suggests that some momentum may finally be building for a recovery in construction activity.

Unfortunately, both durable and nondurable goods producers shed jobs during the period, which reduced overall manufacturing employment in the area by 430 jobs. Part of the problem may be that two of the region's most dominant industries—office furniture and automotive—are still recovering from the downturn. During the year that ended in the first quarter of 2010, employment in furniture and related products manufacturing shrank by 830 jobs, a substantial 13.2 percent payroll decrease. Transportation equipment manufacturing, which includes automotive, also lost 290 workers during the same period.

On the plus side, recent business reports suggest that manufacturing expansions are being planned that will boost employment in the area. In October, Dematic Corporation was awarded a tax break for an expansion of its Grand Rapids conveyor system manufacturing facility. The

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	360,470	360,040	0.1	357,640	0.8
Goods-producing	68,670	69,070	-0.6	70,060	-2.0
Construction and mining	12,800	12,780	0.2	13,490	-5.1
Manufacturing	55,910	56,340	-0.8	56,580	-1.2
Durable goods	36,360	36,660	-0.8	36,820	-1.2
Nondurable goods	19,560	19,630	-0.4	19,760	-1.0
Private service-providing	255,460	255,620	-0.1	251,360	1.6
Trade, transportation, and utilities	66,570	66,490	0.1	67,340	-1.1
Transportation and utilities	9,420	9,370	0.5	9,620	-2.1
Wholesale trade	20,030	20,020	0.0	20,300	-1.3
Retail trade	37,100	37,100	0.0	37,430	-0.9
Information	4,190	4,250	-1.4	4,490	-6.7
Financial activities	18,620	18,660	-0.2	19,110	-2.6
Professional and business services	54,080	54,440	-0.7	50,010	8.1
Educational and health services	62,730	62,610	0.2	61,760	1.6
Leisure and hospitality	31,540	31,360	0.6	31,250	0.9
Other services	17,820	17,780	0.2	17,480	1.9
Government	36,340	35,350	2.8	36,220	0.3
Unemployment					
Number unemployed	42,490	43,970	-3.4	44,820	-5.2
Unemployment rate (%)	10.8	11.2		11.5	
Local indexes					
UI initial claims	873	959	-9.0	1,199	-27.2
New dwelling units ^a	807	785	2.8	853	-5.3

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Info. Systems Company; and employment data from the Michigan Department of Energy, Labor and Economic Growth.

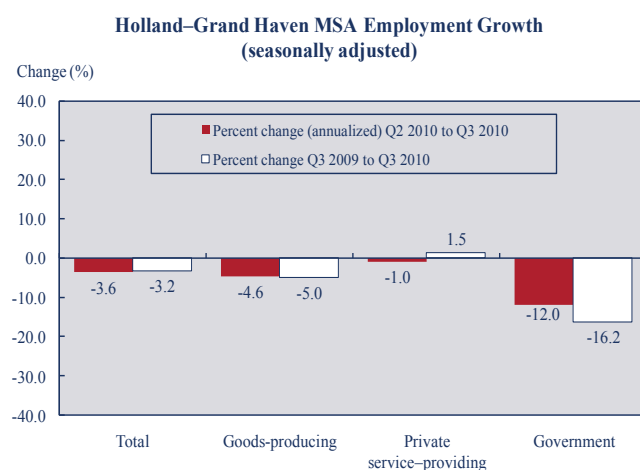
Grand Rapids–Wyoming MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Health care and social assistance	49,770	48,230	3.2
Food manufacturing	6,350	6,080	4.4	Ambulatory health care services	14,920	13,930	7.1
Chemical manufacturing	3,890	3,860	0.8	Hospitals	20,670	20,130	2.7
Plastics and rubber products mfg.	5,100	5,130	-0.6	Arts, entertainment, and recreation	3,340	3,470	-3.7
Fabricated metal products mfg.	5,510	5,640	-2.3	Accommodation and food services	26,080	25,310	3.0
Machinery manufacturing	6,590	6,960	-5.3	Food services and drinking places	23,990	23,160	3.6
Transportation equipment mfg.	8,530	8,820	-3.3	Government			
Furniture and related products mfg.	5,440	6,270	-13.2	Federal Government	3,400	3,390	0.3
Private service-providing				State Government	3,210	3,530	-9.1
Professional and technical services	14,210	14,730	-3.5	Local Government	27,490	28,280	-2.8
Administrative and support services	28,030	29,820	-6.0				
Educational services	9,100	9,060	0.4				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

HOLLAND–GRAND HAVEN MSA

Total employment in the Holland–Grand Haven metropolitan area fell by 0.9 percent last quarter, which was the sharpest decline of any region in west Michigan. The primary cause was a sharp decrease in government employment, although cuts were widespread across all sectors. Surprisingly, this poor performance had no apparent impact on the unemployment rate, which fell from 12.1 percent to 11.8 percent as job seekers either left the market or found work in neighboring areas. Unfortunately, the region's economic indicators posted a mixed reading, which does little to suggest how the local economy will fare during the coming months.



Goods-producing employment declined by 1.2 percent as both the manufacturing and the construction and mining industries struggled. In the third quarter, employment in construction and mining fell by 50 workers, to a level 11 percent lower than the previous year. Unfortunately, a decrease in the number of new-dwelling-unit contracts during the three-month period suggests that conditions are unlikely to improve in the near term.

The region's large manufacturing sector shrank by 1.2 percent, a 310-job loss during the third quarter. Fortunately, recent reports and industrial trends suggest that employment conditions in the sector could improve in the county. In particular, Gentex, a maker of advanced auto parts, is currently hiring 240 new workers. Reports on the office furniture industry are positive. Finally, in September Energetex Composite secured an option on a parcel of land where the company plans to build a manufacturing plant to assemble components of wind turbine generators. Once in operation, the plant could employ as many as 750 workers.

The service-providing sector shrank by 0.3 percent last quarter, primarily as a result of reductions in professional and business services employment, which was cut by 350 jobs. Other service industries that lost employment during

the period included retail, financial activities, and leisure and hospitality—all of which were likely affected by weak consumer spending. Several other service industries did grow, however, which helped offset some of the overall job losses in the service-providing sector. The most robust growth occurred in educational and health services, which added 120 jobs, and in trade, transportation, and utilities, which added 130 jobs despite an underperformance in retail trade.

Government was the source of the most job losses in the region last quarter, as public sector agencies cut 410 positions, a 3.1 percent loss. Surprisingly, employment conditions in the region actually appear to be worsening compared to earlier in the year. Between the first quarter of 2009 and the first quarter of 2010, state government employment, which includes Grand Valley State University in Allendale, actually posted strong enough growth to offset losses at both the local and federal agency levels.

Unfortunately, a reading of the region's economic indicators provides little hope of relief following such a dismal quarter. On the plus side, initial claims for unemployment insurance fell by 2.3 percent during the period, which suggests that layoff activity did not worsen. However, on the downside, the region's residential market, as measured by new dwelling units, did not improve. The number of new dwelling units placed under contract actually fell by 14.4 percent during the quarter.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	98,470	99,380	-0.9	101,690	-3.2
Goods-producing	30,300	30,660	-1.2	31,880	-5.0
Construction and mining	3,810	3,860	-1.3	4,280	-11.0
Manufacturing	26,510	26,820	-1.2	27,600	-3.9
Private service-providing	55,510	55,650	-0.3	54,700	1.5
Trade, transportation, and utilities	16,510	16,380	0.8	16,360	0.9
Retail trade	9,330	9,420	-1.0	9,340	-0.1
Information	700	690	1.4	700	0.0
Financial activities	2,860	2,880	-0.7	2,930	-2.4
Professional and business services	11,200	11,550	-3.0	10,800	3.7
Educational and health services	11,250	11,130	1.1	11,090	1.4
Leisure and hospitality	7,980	8,060	-1.0	7,920	0.8
Other services	4,990	4,980	0.2	4,890	2.0
Government	12,660	13,070	-3.1	15,110	-16.2
Unemployment					
Number unemployed	15,050	15,560	-3.3	16,560	-9.1
Unemployment rate (%)	11.8	12.1		12.7	
Local indexes					
UI initial claims	376	384	-2.3	640	-41.3
New dwelling units ^a	361	421	-14.4	518	-30.4

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

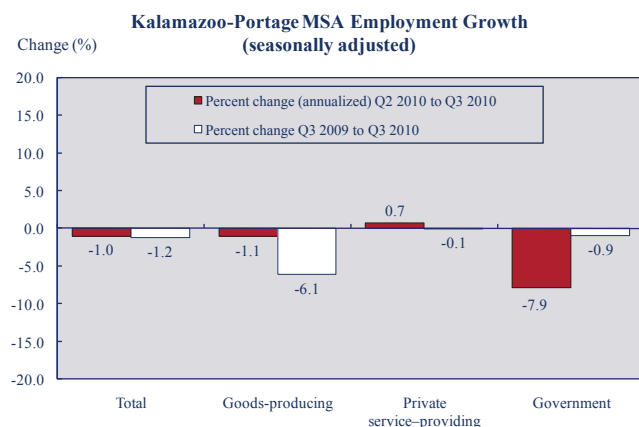
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Health care and social assistance	8,340	8,000	4.3
Food manufacturing	3,090	2,960	4.4	Ambulatory health care services	3,840	3,590	7.0
Fabricated metal products mfg.	3,600	3,640	-1.1	Arts, entertainment, and recreation	620	670	-7.5
Machinery manufacturing	1,870	2,110	-11.4	Accommodation and food services	6,630	6,450	2.8
Transportation equipment mfg.	3,960	4,040	-2.0	Food services and drinking places	6,170	6,060	1.8
Furniture and related products mfg.	4,790	5,560	-13.8	Government			
Private service-providing				Federal Government	440	450	-2.2
Professional and technical services	2,960	3,110	-4.8	State Government	2,590	2,230	16.1
Administrative and support services	5,910	5,460	8.2	Local Government	10,350	10,610	-2.5
Educational services	2,060	2,060	0.0				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

KALAMAZOO-PORTAGE MSA

Total employment in the region fell by 0.3 percent last quarter. Most of the job reductions occurred in the government sector; service-providing employment grew, and the goods-producing sector posted only a modest decline. Coming after the area had experienced growth during the second quarter, the downturn in the third quarter was a setback; however, unemployment conditions still managed to improve, and the unemployment rate fell to 11.1 percent. The region's limited set of indicators was mixed for the quarter.



The region's goods-producing sector shrank by 0.3 percent during the third quarter. All of the job losses occurred in manufacturing, which shed 100 workers. The construction and mining sector posted a surprising 0.7 percent bump in employment—the first growth reported by the industry in several years. Likely drivers of the construction and mining industry improvement are commercial construction and the ongoing improvement of I-94. Residential construction still appeared to be down, as indicated by a decline in the number of new dwelling units placed under contract for construction during the quarter.

Local business news sources were mostly quiet last quarter, and there were no new major industrial announcements. Expectations are for a quiet end to the year, as companies continue to implement previously announced activities.

Employment in the service-providing sector rose by 0.2 percent last quarter but remained down slightly compared to one year ago. The strongest growth occurred in the leisure and hospitality industry, which added 110 workers, followed by an 80-job addition in both educational and health services and the trade, transportation, and utilities sector. Additionally, it should be noted that information employment rose by 20 jobs, a nice 1.4 percent bump.

Not all service industries grew during the quarter: the “other services” category, the professional and business services industry, and the financial activities industry all

reported moderate losses. Also, local retailers eliminated 40 jobs, although the loss was more than offset by gains in wholesale employment, as well as in transportation and utilities. Additionally, a recent Kalamazoo Gazette news story reported that a major employer in the region, preclinical research and testing firm MPI, laid off “between 20 and 50” workers at the end of October.

The public sector was the source of most of the region's job losses last quarter: government employment declined by 2.0 percent, a 460-job loss. Data for the year-long period that ended in the first quarter of 2010 suggest that local government—a classification that includes municipal and county offices, as well as public K–12 schools—may be a cause of the reduction. During that period, local government employment shrank by 460 workers, while federal agencies shed only 10 workers and state government grew by 140 jobs.

Local indexes painted a limited and mixed picture of the regional economy. On the plus side, initial claims for unemployment insurance continued to fall during the quarter, which was a good sign that layoff activity and unemployment will continue to be on a downward trend. Also, recent reports from the area's purchasing managers suggest that hiring should be increasing in the near term. Unfortunately, however, the market for new housing still appears to be down: new-dwelling-unit contracts declined by 16.7 percent during the quarter and were at a level 22.3 percent below where they were this same time last year.

Kalamazoo-Portage MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	135,390	135,740	-0.3	137,070	-1.2
Goods-producing	21,660	21,720	-0.3	23,070	-6.1
Construction and mining	4,220	4,190	0.7	4,600	-8.3
Manufacturing	17,440	17,540	-0.6	18,470	-5.6
Durable goods	9,520	9,550	-0.3	9,660	-1.4
Nondurable goods	7,910	7,990	-1.0	8,570	-7.7
Private service-providing	91,500	91,330	0.2	91,560	-0.1
Trade, transportation, and utilities	23,120	23,000	0.5	23,250	-0.6
Transportation and utilities	3,480	3,400	2.4	3,450	0.9
Wholesale trade	5,080	5,020	1.2	5,080	0.0
Retail trade	14,550	14,590	-0.3	14,710	-1.1
Information	1,410	1,390	1.4	1,440	-2.1
Financial activities	7,940	7,950	-0.1	7,980	-0.5
Professional and business services	14,590	14,640	-0.3	14,690	-0.7
Educational and health services	22,250	22,170	0.4	22,040	1.0
Leisure and hospitality	15,400	15,290	0.7	15,400	0.0
Other services	6,800	6,880	-1.2	6,810	-0.1
Government	22,230	22,690	-2.0	22,440	-0.9
Unemployment					
Number unemployed	18,990	19,630	-3.3	19,030	-0.2
Unemployment rate (%)	11.1	11.4		11.0	
Local indexes					
UI initial claims	310	360	-13.8	456	-31.9
New dwelling units ^a	347	416	-16.7	446	-22.3

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates; does not include Van Buren County dwelling permit data.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Energy, Labor and Economic Growth.

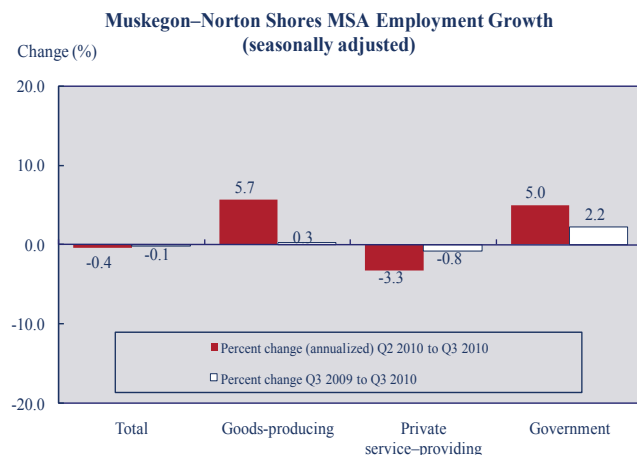
Kalamazoo-Portage MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Health care and social assistance	18,860	18,800	0.3
Food manufacturing	1,540	1,470	4.8	Ambulatory health care services	6,520	6,210	5.0
Paper manufacturing	1,950	1,740	12.1	Hospitals	6,560	6,630	-1.1
Fabricated metal products mfg.	1,640	1,870	-12.3	Arts, entertainment, and recreation	1,710	1,790	-4.5
Machinery manufacturing	1,840	1,980	-7.1	Accommodation and food services	12,600	12,830	-1.8
Transportation equipment mfg.	2,020	2,670	-24.3	Food services and drinking places	11,260	11,360	-0.9
Private service-providing				Government			
Professional and technical services	5,400	5,820	-7.2	Federal Government	1,160	1,170	-0.9
Administrative and support services	5,750	5,710	0.7	State Government	4,060	3,920	3.6
Educational services	2,310	2,330	-0.9	Local Government	13,460	14,050	-4.2

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

MUSKEGON–NORTON SHORES MSA

Employment in Muskegon County fell by 0.1 percent last quarter, a scant 60-job loss. The loss was contained entirely in the private service-providing sector, as both the government and goods-producing sectors posted surprisingly robust employment gains. Apparently, conditions also dramatically improved for job seekers: the area's unemployment rate decreased from 14.4 percent to 13.6 percent, which was a larger decline than for any other region of west Michigan. Additionally, the area's economic indexes were both encouraging, which suggests that conditions will improve during the coming months.



The region's goods-producing sector saw solid employment gains in both the manufacturing sector and the construction and mining sector during the third quarter. The result was a surprising 1.4 percent jump in overall goods-producing employment. Construction and mining employment posted the largest gain in percentage terms, a 4.7 percent increase. It is hoped that the sector's recovery will continue—possibly supported by a recovery of the market for new home construction. As measured by new-dwelling-unit contracts, the residential construction market grew by 7.8 percent during the quarter, although the overall level remained low by historical standards.

In the larger manufacturing sector, a 1.0 percent increase was good for a slightly stronger 90-job increase. Last quarter's performance was a nice improvement compared to the beginning of the year, when manufacturing employment was still declining. Between the first quarter of 2009 and the first quarter of 2010, three of the region's largest industries—primary metals, fabricated metals, and machinery—each reported substantial job losses. The recent trend toward recovery in manufacturing is encouraging and puts the Muskegon metro area ahead of most other areas of west Michigan.

Private service-providing employment dropped by 0.8 percent, which was enough to drag down the region's total

employment numbers for the three-month period. Professional and business services was hard hit and posted a sizable 3.1 percent drop, a 90-job loss. In the past, professional and business services employment was dragged down by a large loss in administrative and support services—a category that shrank by 28.7 percent between the first quarter of 2009 and the first quarter of 2010. In numeric terms, the largest job loss occurred in trade, transportation, and utilities, which lost 100 jobs as a result of cutbacks in retail. Almost all of the region's other service industries either posted smaller losses or held steady during the quarter. The sole exception was educational and health services, which added 50 jobs.

The government sector posted its second consecutive quarter of growth, a 1.2 percent increase that was good for a 110-job gain. This increase represents a break with past quarters, when public employment in the region faced significant job cuts. For instance, between the first quarter of 2009 and the first quarter of 2010, state and local government agencies in the area cut 210 jobs.

On the plus side, there were some signs that conditions would improve during the coming months. Initial unemployment insurance claims continued to fall last quarter and were down 36.4 percent compared to the previous year. The drop in unemployment insurance claims continues to indicate that the worst of the layoff activity is over. New-dwelling-unit contracts also rose during the quarter, which suggests the housing market is improving. Although overall contract numbers remained low by historical standards, the level was up 13.4 percent over the same time last year.

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	58,320	58,380	-0.1	58,400	-0.1
Goods-producing	10,960	10,810	1.4	10,930	0.3
Construction and mining	1,550	1,480	4.7	1,540	0.6
Manufacturing	9,430	9,340	1.0	9,390	0.4
Private service-providing	38,210	38,530	-0.8	38,520	-0.8
Trade, transportation, and utilities	12,760	12,860	-0.8	13,000	-1.8
Retail trade	10,490	10,600	-1.0	10,720	-2.1
Information	700	700	0.0	770	-9.1
Financial activities	1,880	1,880	0.0	1,910	-1.6
Professional and business services	2,780	2,870	-3.1	2,840	-2.1
Educational and health services	11,430	11,380	0.4	11,130	2.7
Leisure and hospitality	6,190	6,230	-0.6	6,390	-3.1
Other services	2,570	2,610	-1.5	2,570	0.0
Government	9,150	9,040	1.2	8,950	2.2
Unemployment					
Number unemployed	11,700	12,380	-5.5	13,390	-12.6
Unemployment rate (%)	13.6	14.4		15.3	
Local indexes					
UI initial claims	309	353	-12.5	486	-36.4
New dwelling units ^a	103	95	7.8	91	13.4

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Energy, Labor and Economic Growth.

Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

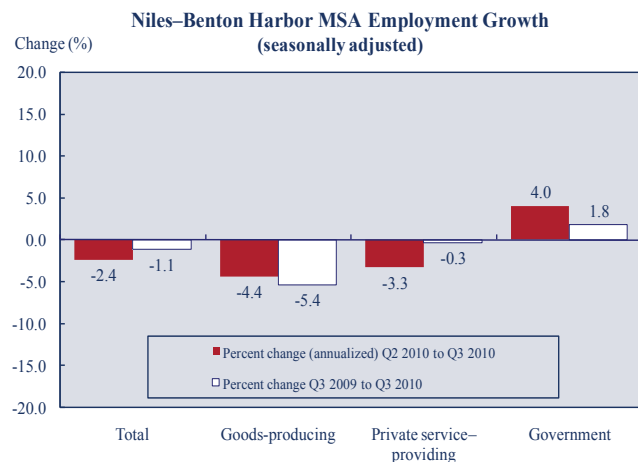
Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Health care and social assistance	9,590	9,780	-1.9
Primary metal manufacturing	3,000	3,380	-11.2	Ambulatory health care services	3,170	3,100	2.3
Fabricated metal products mfg.	2,100	2,300	-8.7	Hospitals	3,520	3,790	-7.1
Machinery manufacturing	1,380	1,490	-7.4	Arts, entertainment, and recreation	650	590	10.2
Transportation equipment mfg.	740	660	12.1	Accommodation and food services	4,860	5,000	-2.8
Private service-producing				Food services and drinking places	4,580	4,710	-2.8
Professional and technical services	950	1,020	-6.9	Government			
Administrative and support services	1,240	1,740	-28.7	Federal Government	400	350	14.3
Educational services	980	970	1.0	State Government	1,100	1,160	-5.2
				Local Government	7,090	7,240	-2.1

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

NILES—BENTON HARBOR MSA

Berrien County employment contracted by 0.6 percent as a result of widespread job cuts in the private sector. During the third quarter, only government managed to post an employment increase, while both the region's goods producers and its service providers struggled. Surprisingly, the net job reductions had little impact on the unemployment situation, as the region's unemployment rate shrank from 13.3 to 13.1 percent. Unfortunately, despite news of a national recovery, local economic indicators were unclear as to which direction conditions might turn during the coming months.

Private service-providing employment decreased 0.8 percent as a result of widespread losses. Among the region's major service-providing industries, only educational and health services was able to post a gain, a modest 0.2 percent increase that added 20 jobs. The hardest-hit service industry was professional and business services, which plunged 3.0 percent as 160 jobs disappeared. Not surprisingly, activities that depend on local consumer expenditures have also struggled. Retailers shed 120 workers, and the financial activities industry, which includes bank branches and other consumer finance activities, lost 50 workers.



Employment in the goods-producing sector fell by 1.1 percent as 140 jobs were eliminated last quarter. The construction and mining industry shed only 10 jobs during the period; however, overall employment levels in the sector were down 10.9 percent compared to one year ago.

Manufacturing employment declined 1.0 percent during the third quarter, a 110-job loss. One source of reductions may be the machinery manufacturing industry. Between the first quarter of 2009 and the first quarter of 2010, employment in machinery manufacturing plunged 28.3 percent as 560 jobs were eliminated. Over the same period, many of the region's other major manufacturing industries, such as transportation equipment manufacturing and the primary and fabricated metals industries, were able to hold steady or even grow. Of course, local conditions are likely changing rapidly, and manufacturing may recover lost ground over the next few months if national trends hold true. However, business news reports offered little evidence—good or bad—of any major plant openings or layoffs that could affect employment levels during the winter months, except for an announcement Delta Industrial Valves that it would relocate to a larger facility in Niles and add 20 new jobs.

The government sector increased employment by 1.0 percent last quarter as public agencies added 90 jobs. Some of the growth may be from the Four Winds Casino, which is listed as a government employer because of its tribal ownership status. News reports during the summer and fall have suggested that most of the casinos in west Michigan held their own throughout the recession. At the same time, the local public agencies that compose the bulk of government employment in the region have not fared particularly well over the past few years. Between the first quarter of 2009 and the first quarter of 2010, local government employment—a category that includes public K–12 schools as well as county and municipal offices—declined by 2.2 percent.

In addition to the disappointing conditions the region experienced during the third quarter, the outlook painted by the local economic indicators could best be described as lukewarm. On a positive note, the number of initial claims for unemployment insurance moved in the right direction, registering an 8.7 percent decline. However, the residential housing market, as measured by new-dwelling-unit contracts, declined slightly, which suggests that the market has not yet quite come back to life.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	58,570	58,930	-0.6	59,240	-1.1
Goods-producing	12,310	12,450	-1.1	13,010	-5.4
Construction and mining	1,550	1,560	-0.6	1,740	-10.9
Manufacturing	10,780	10,890	-1.0	11,280	-4.4
Private service-providing	37,130	37,440	-0.8	37,260	-0.3
Trade, transportation, and utilities	10,890	11,030	-1.3	10,990	-0.9
Retail trade	6,870	6,990	-1.7	6,810	0.9
Information	600	610	-1.6	600	0.0
Financial activities	2,170	2,220	-2.3	2,170	0.0
Professional and business services	5,140	5,300	-3.0	5,110	0.6
Educational and health services	9,570	9,550	0.2	9,550	0.2
Leisure and hospitality	5,970	5,990	-0.3	6,030	-1.0
Other services	2,780	2,780	0.0	2,810	-1.1
Government	9,130	9,040	1.0	8,970	1.8
Unemployment					
Number unemployed	9,950	10,300	-3.4	10,100	-1.5
Unemployment rate (%)	13.1	13.3		13.0	
Local indexes					
UI initial claims	213	234	-8.7	293	-27.2
New dwelling units ^a	146	149	-1.6	137	6.4

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Niles–Benton Harbor MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Health care and social assistance	7,280	7,410	-1.8
Primary metal manufacturing	860	850	1.2	Ambulatory health care services	2,340	2,290	2.2
Fabricated metal products mfg.	1,430	1,430	0.0	Arts, entertainment, and recreation	460	460	0.0
Machinery manufacturing	1,420	1,980	-28.3	Accommodation and food services	4,730	4,660	1.5
Transportation equipment mfg.	930	850	9.4	Food services and drinking places	4,240	4,200	1.0
Private service-providing				Government			
Professional and technical services	1,360	1,430	-4.9	Federal Government	360	360	0.0
Administrative and support services	3,380	2,750	22.9	State Government	380	370	2.7
Educational services	1,260	1,280	-1.6	Local Government	7,960	8,140	-2.2

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

Purchasing Managers Index and Major Economic Developments

In the Grand Rapids area, economic growth is “still good, but less robust,” while in Kalamazoo conditions are “slightly more positive.” That was the assessment provided in the most recent issue of *Current Business Trends*, a monthly publication that surveys purchasing managers on business conditions.

Purchasing managers in the Grand Rapids area have been reporting mostly strong growth since mid-2009, when the economy first began recovering; however, the most recent report suggests that the pace of economic expansion may have slowed. The composite purchasing managers index for October was 52.4, which represents the first sub-60-level index reading in the past eight months. Although an

index reading above 50 still indicates that growth conditions are present in the region, a longer period of rapid expansion may be necessary to alleviate the uneasiness still being reported by local firms.

The Kalamazoo-area composite purchasing managers index has been near or above 60 for the past seven months, which indicates the region is enjoying a period of extended rapid growth in business activity. After more than half a year of improvement, firms appear to have regained the confidence necessary to expand production and invest in new capital. For workers, the news has been good as well: 46 percent of the surveyed purchasing managers indicated that their companies were in the process of adding jobs.

**Grand Rapids Area
Purchasing Managers Index**



**Kalamazoo Area
Purchasing Managers Index**



Major Economic Developments

Battle Creek MSA

Covance Inc., a food-testing company, opened a new facility employing 39 workers in October.

Toda America Inc., a supplier of components for lithium batteries, announced that it has nearly completed construction of its new Battle Creek plant and is on schedule to open with about 24 new employees in January 2011.

Grand Rapids–Wyoming MSA

In October, Dematic Corporation announced plans to hire 74 workers in 2011 and a total of 505 over the next five years.

Keebler, a division of the Kellogg Company, announced plans to add 45 jobs at its production facility in Grand Rapids.

Borisch, a manufacturer of aviation electronics, laid off 130 workers at its Kentwood plant in October.

Holland–Grand Haven MSA

Gentex announced plans to hire 240 workers at a plant it is renovating in Holland Township. Energetex Composites obtained an option to buy land in Holland Township for the construction of a factory to manufacture components for wind turbine generators. If the project goes through, the company could hire up to 750 workers over five years.

Kalamazoo–Portage MSA

MPI announced a reduction of “between 20 and 50” workers at the end of October.

Muskegon–Norton Shores MSA

Michigan Spring and Stamping plans to hire 11 workers. Muskegon Township has approved the creation of an industrial park that will house PowerCell GmbH, a car battery plant that could employ 700 workers.

Niles–Benton Harbor MSA

Delta Industrial Valves announced plans to expand into a new facility in Niles and hire 20 new workers.

Appendix Tables

Table A-1
Michigan Statistics
(seasonally adjusted)

Measure	2010 Q3	2010 Q2	% change, Q2 to Q3	2009 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	3,850,360	3,849,840	0.0	3,840,840	0.2
Goods-producing	592,370	586,130	1.1	585,330	1.2
Natural resources and mining	7,270	7,130	2.0	6,830	6.4
Construction	115,100	119,170	-3.4	120,970	-4.9
Manufacturing	470,000	459,830	2.2	457,530	2.7
Durable goods	347,230	340,300	2.0	335,710	3.4
Nondurable goods	122,770	119,530	2.7	121,820	0.8
Private service-providing	2,622,590	2,624,070	-0.1	2,609,800	0.5
Trade, transportation, and utilities	708,000	706,730	0.2	710,500	-0.4
Transportation and utilities	109,380	108,230	1.1	111,340	-1.8
Wholesale trade	153,400	150,360	2.0	149,660	2.5
Retail trade	447,080	449,290	-0.5	448,770	-0.4
Information	52,600	52,130	0.9	55,230	-4.8
Financial activities	181,530	182,630	-0.6	189,670	-4.3
Professional and business services	514,600	521,670	-1.4	497,000	3.5
Educational and health services	620,200	623,430	-0.5	610,770	1.5
Leisure and hospitality	376,130	370,870	1.4	378,130	-0.5
Other services	167,670	165,470	1.3	169,230	-0.9
Government	635,400	639,630	-0.7	645,700	-1.6
Unemployment					
Number unemployed	631,950	661,270	-4.4	696,610	-9.3
Unemployment rate (%)	13	13.6		14.3	
State indexes (1996=100)					
Local components					
UI initial claims	15,092	20,151	-25.1	17,471	-13.6
New dwelling units ^a	8,879	7,838	13.3	9,120	-2.6

NOTE: Employment numbers for durable, nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from Michigan Department of Energy, Labor and Economic Growth.

Michigan Industry Employment Change by Place of Work
First Quarter to First Quarter
(not seasonally adjusted)

Industry	2010 Q1	2009 Q1	Percent change	Industry	2010 Q1	2009 Q1	Percent change
Goods-producing				Furniture and related products mfg.	21,510	18,460	16.5
Food manufacturing	31,750	32,640	-2.7	Office furniture and fixtures mfg.	16,110	13,770	17.0
Paper manufacturing	12,000	11,390	5.4	Private service-providing			
Printing and related support activities	15,200	13,910	9.3	Professional and technical services	226,370	220,880	2.5
Chemical manufacturing	26,200	24,860	5.4	Administrative and support services	218,580	212,860	2.7
Plastics and rubber products mfg.	27,570	28,730	-4.0	Educational services	62,480	62,590	-0.2
Primary metal manufacturing	16,900	17,300	-2.3	Health care and social assistance	524,020	525,840	-0.3
Fabricated metal products mfg.	63,130	60,740	3.9	Ambulatory health care services	177,650	182,920	-2.9
Machinery manufacturing	59,740	53,730	11.2	Hospitals	193,050	189,580	1.8
Transportation equipment mfg.	4,220	3,850	9.6	Arts, entertainment, and recreation	47,900	41,240	16.1
Motor vehicle parts mfg.	84,570	82,660	2.3	Accommodation and food services	306,930	307,070	0.0
				Food services and drinking places	278,590	275,050	1.3

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW - ES202 data.

Table A-2
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2008 ^a	2007 ^a	2006 ^a	2005 ^a	2004 ^a	2003 ^a	1998
Battle Creek MSA	Total personal income (\$000)	4,317,471	4,150,006	4,001,439	3,914,688	3,842,190	3,769,876	3,280,861
	Per capita personal income (\$)	31,652	30,361	29,113	28,322	27,665	27,215	23,812
	Earnings per worker (\$)	50,064	47,775	46,616	45,572	44,440	43,990	36,904
	Manufacturing	67,786	63,699	61,999	68,350	67,347	70,968	57,205
	Private nonmanufacturing	46,149	44,213	43,114	39,834	38,627	37,260	30,787
Grand Rapids–Wyoming MSA	Total personal income (\$000)	26,076,291	25,595,951	25,180,322	24,097,780	23,361,398	22,440,989	18,758,295
	Per capita personal income (\$)	33,582	33,038	32,670	31,412	30,603	29,528	25,857
	Earnings per worker (\$)	45,319	45,054	44,832	43,871	43,142	42,456	35,785
	Manufacturing	69,993	67,798	66,489	63,949	63,440	65,120	50,401
	Private nonmanufacturing	41,061	40,948	40,829	40,094	39,235	37,978	31,955
Barry County	Total personal income (\$000)	1,835,710	1,771,503	1,735,394	1,711,980	1,675,645	1,628,108	1,336,985
	Per capita personal income (\$)	31,053	30,085	29,419	29,271	28,743	28,139	24,093
	Earnings per worker (\$)	28,163	27,806	26,947	26,827	26,297	25,674	24,555
	Manufacturing	60,721	63,329	56,905	55,372	55,184	49,141	41,275
	Private nonmanufacturing	21,041	20,418	20,210	20,269	19,581	19,547	17,817
Ionia County	Total personal income (\$000)	1,543,331	1,474,007	1,473,237	1,448,490	1,425,677	1,357,552	1,115,622
	Per capita personal income (\$)	24,099	23,004	23,063	22,682	22,547	21,576	18,075
	Earnings per worker (\$)	35,674	35,173	34,640	34,703	35,942	33,765	27,219
	Manufacturing	59,998	53,923	52,602	55,284	65,366	55,837	38,050
	Private nonmanufacturing	23,889	24,131	24,222	23,909	24,167	23,764	18,431
Kent County	Total personal income (\$000)	21,611,571	20,758,025	19,953,040	19,225,208	18,337,658	17,787,705	14,202,912
	Per capita personal income (\$)	35,859	34,643	33,497	32,459	31,097	30,329	25,573
	Earnings per worker (\$)	48,596	47,317	45,969	45,216	44,438	43,039	34,240
	Manufacturing	78,451	75,789	71,852	71,846	73,177	65,251	51,472
	Private nonmanufacturing	41,623	40,584	39,710	38,778	37,543	37,316	28,377
Newaygo County	Total personal income (\$000)	1,240,040	1,193,324	1,150,429	1,125,031	1,083,149	1,047,863	857,546
	Per capita personal income (\$)	25,256	24,300	23,310	22,863	22,093	21,515	18,722
	Earnings per worker (\$)	32,988	31,736	31,432	30,936	30,077	29,385	26,400
	Manufacturing	46,409	44,220	45,651	43,504	42,169	41,958	48,916
	Private nonmanufacturing	26,867	25,473	24,593	24,708	24,060	23,193	19,651
Holland–Grand Haven MSA	Total personal income (\$000)	8,611,656	8,424,445	8,220,775	7,784,716	7,457,199	7,089,242	6,127,847
	Per capita personal income (\$)	33,009	32,551	32,006	30,611	29,554	28,445	26,712
	Earnings per worker (\$)	41,975	42,118	42,150	41,357	41,357	41,046	33,836
	Manufacturing	60,910	59,910	59,426	59,241	57,586	59,447	46,881
	Private nonmanufacturing	35,446	35,635	35,551	35,662	34,883	33,510	27,814
Kalamazoo–Portage MSA	Total personal income (\$000)	10,918,515	10,562,610	10,136,941	9,711,638	9,535,293	9,312,272	7,827,527
	Per capita personal income (\$)	33,685	32,746	31,528	30,298	29,793	29,002	25,092
	Earnings per worker (\$)	44,118	42,811	41,932	41,435	41,536	41,747	33,944
	Manufacturing	78,353	74,485	72,342	73,137	75,040	78,996	57,712
	Private nonmanufacturing	39,072	37,968	37,097	36,276	35,874	35,017	28,602
Kalamazoo County	Total personal income (\$000)	8,443,673	8,000,029	7,705,234	7,558,267	7,370,638	7,111,167	5,955,392
	Per capita personal income (\$)	34,526	32,862	31,770	31,239	30,284	29,420	25,332
	Earnings per worker (\$)	43,618	42,326	41,549	41,818	42,092	39,815	32,947
	Manufacturing	81,312	79,514	78,730	83,175	85,376	71,906	60,455
	Private nonmanufacturing	34,902	33,565	32,874	32,391	31,777	31,799	24,996
Van Buren County	Total personal income (\$000)	2,099,083	1,997,225	1,943,857	1,914,209	1,852,752	1,772,862	1,494,768
	Per capita personal income (\$)	26,987	25,607	24,946	24,538	23,870	22,949	19,842
	Earnings per worker (\$)	38,781	37,030	36,061	37,142	35,724	34,255	27,103
	Manufacturing	53,398	51,686	51,032	53,474	53,241	48,779	39,326
	Private nonmanufacturing	33,023	31,291	29,855	31,183	29,994	29,016	21,341
Muskegon–Norton Shores MSA	Total personal income (\$000)	4,898,718	4,772,876	4,627,788	4,474,596	4,408,115	4,327,854	3,564,887
	Per capita personal income (\$)	28,062	27,390	26,582	25,730	25,472	25,092	21,201
	Earnings per worker (\$)	38,281	37,972	37,440	37,213	36,755	36,206	32,497
	Manufacturing	64,018	61,496	61,374	59,771	58,306	58,723	50,600
	Private nonmanufacturing	33,538	33,528	32,867	32,742	32,356	31,850	27,562
Niles–Benton Harbor MSA (Berrien County)	Total personal income (\$000)	5,397,858	5,238,940	4,937,694	4,729,209	4,677,623	4,537,253	3,892,163
	Per capita personal income (\$)	33,669	32,767	30,927	29,500	29,004	28,094	24,019
	Earnings per worker (\$)	41,877	41,813	41,019	39,835	39,405	38,451	31,233
	Manufacturing	76,849	73,929	69,252	66,939	65,469	63,982	49,738
	Private nonmanufacturing	34,771	34,828	34,670	33,608	33,233	32,285	25,803

^a 2003 through 2008 statistics are based on North American Industry Classification System (NAICS); 1998 is based on Standard Industrial Classification (SIC).

SOURCE: U.S. Bureau of Economic Analysis.

Table A-3
Consumer Price Index^a
U.S. City Average (1982-84=100)

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	188.9	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	195.3	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	201.6	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	207.3	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9	210.2	210.0
2008	215.3	211.1	211.7	213.5	214.8	216.6	218.8	220.0	219.1	218.8	216.6	212.4	210.2
2009	214.5	211.1	212.2	212.7	213.2	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9
2010		216.7	216.7	217.6	218.0	218.2	218.0	218.0	218.3	218.4	218.7		
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.1	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	184.5	180.9	181.9	182.9	183.5	184.7	185.3	184.9	185.0	185.4	186.5	186.8	186.0
2005	191.0	186.3	187.3	188.6	190.2	190.0	190.1	191.0	192.1	195.0	195.2	193.4	192.5
2006	197.1	194.0	194.2	195.3	197.2	198.2	198.6	199.2	199.6	198.4	197.0	196.8	197.2
2007	202.8	197.6	198.5	200.6	202.1	203.7	203.9	203.7	203.2	203.9	204.3	205.9	205.8
2008	211.1	206.7	207.3	209.1	210.7	212.8	215.2	216.3	215.2	214.9	212.2	207.3	204.8
2009	209.6	205.7	206.7	207.2	207.9	208.8	211.0	210.5	211.2	211.3	211.5	212.0	211.7
2010		212.6	212.5	213.5	214.0	214.1	213.8	213.9	214.2	214.3	214.6		

^a Monthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$100 \times [(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)}) / 156.9 \text{ (1996 annual avg.)}] = 2.3\% \text{ change 1996 to 1997, CPI-U.}$

$100 \times [(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)}) / 161.5 \text{ (November 1997)}] = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$

$100 \times [(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)}) / 164.0 \text{ (October 1998)}] = \text{No change, CPI-U.}$

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

Table A-4
Population Update for Selected Areas of West Michigan

Area	Estimate					Annual change (%)		
	July	U.S. Census April				2000–	1990–	1980–
	2009	2000	1990	1980	2009 ^a	2000	1990	1980
Michigan	10,003,422	9,938,444	9,295,297	9,262,044	0.1	0.7	0.0	
West Michigan Metropolitan Areas								
Battle Creek MSA (Calhoun County)	135,861	137,985	135,982	141,557	-0.2	0.1	-0.4	
Battle Creek city ^b	52,053	53,364	53,540	56,339	-0.4	0.0	-0.5	
Albion city	9,103	9,144	10,066	11,059	-0.1	-1.0	-0.9	
Marshall city	7,121	7,459	6,891	7,201	-0.7	0.8	-0.4	
Grand Rapids–Wyoming MSA	776,833	740,482	645,914	577,019	0.6	1.4	1.1	
Barry County	58,890	56,755	50,057	45,781	0.5	1.3	0.9	
Ionia County	63,833	61,518	57,024	51,815	0.5	0.8	1.0	
Kent County	605,213	574,335	500,631	444,506	0.7	1.4	1.2	
Grand Rapids city	193,396	197,800	189,126	181,843	-0.3	0.4	0.4	
East Grand Rapids city	10,467	10,764	10,807	10,914	-0.4	0.0	-0.1	
Grandville city	16,718	16,263	15,624	12,412	0.4	0.4	2.3	
Kentwood city	47,419	45,255	37,826	30,438	0.6	1.8	2.2	
Walker city	23,722	21,842	17,279	15,088	1.1	2.4	1.4	
Wyoming city	70,462	69,368	63,891	59,616	0.2	0.8	0.7	
Newaygo County	48,897	47,874	38,202	34,917	0.3	2.3	0.9	
Holland–Grand Haven MSA (Ottawa County)	260,364	238,314	187,768	157,174	1.2	2.4	1.8	
Grand Haven city	10,608	11,168	11,951	11,763	-0.7	-0.7	0.2	
Holland city ^c	34,076	35,048	30,745	26,281	-0.4	1.3	1.6	
Kalamazoo–Portage MSA	323,713	314,866	293,471	279,192	0.4	0.7	0.5	
Kalamazoo County	245,912	238,603	223,411	212,378	0.4	0.7	0.5	
Kalamazoo city	72,179	77,145	80,277	79,722	-0.9	-0.4	0.1	
Portage city	46,133	44,897	41,042	38,157	0.4	0.9	0.7	
Van Buren County	77,801	76,263	70,060	66,814	0.3	0.9	0.5	
Muskegon–Norton Shores MSA (Muskegon County)	174,344	170,200	158,983	157,589	0.3	0.7	0.1	
Muskegon city	39,401	40,105	40,283	40,823	-0.2	0.0	-0.1	
Muskegon Heights city	11,623	12,049	13,176	14,611	-0.5	-0.9	-1.0	
Norton Shores city	23,307	22,527	21,755	22,025	0.4	0.3	-0.1	
Niles–Benton Harbor MSA (Berrien County)	159,481	162,453	161,378	171,276	-0.3	0.1	-0.6	
Benton Harbor city	10,814	11,182	12,818	14,707	-0.5	-1.4	-1.4	
Niles city	11,258	12,204	12,456	13,115	-1.1	-0.2	-0.5	
St. Joseph city	8,458	8,789	9,214	9,622	-0.5	-0.5	-0.4	
Total West Michigan MSAs	1,830,596	1,764,300	1,583,496	1,483,807	0.5	1.1	0.7	
Rural Southwest Michigan								
Allegan County	112,975	105,665	90,509	81,555	0.9	1.6	1.0	
Branch County	45,726	45,787	41,502	40,188	0.0	1.0	0.3	
Cass County	50,185	51,104	49,477	49,499	-0.3	0.3	0.0	
Oceana County	27,598	21,645	22,454	22,002	0.3	-0.4	0.2	
St. Joseph County	62,232	62,422	58,913	56,083	-0.1	0.6	0.5	
Total Rural Southwest Michigan	298,716	286,623	262,855	249,327	0.3	0.9	0.5	

^a 2000 to 2009 growth rate is based on July to July estimates.

^b For comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

^c Population for Holland city is total population of city located in Ottawa and Allegan counties.

SOURCE: State of Michigan Department of Management and Budget and U.S. Census Bureau.

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